AR37

QUEBEC MANITOU MINES LIMITED

NO PERSONAL LIABILITY

Annual Report 1969

Quebec Manitou Mines Limited

(No Personal Liability)

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OFFICERS

J. I. CUMMINGS - - - - - - - - - - - - - - *President*
J. E. COPELAND - - - - *Vice-President & Chairman of the Board*
A. J. THOMAS - - - - - - - - - - - *Secretary-Treasurer*

DIRECTORS

J. I. CUMMINGS - Ottawa, Ont.
J. E. COPELAND - Ottawa, Ont.
JOHN J. URIE, Q.C. Ottawa, Ont.
H. E. CLARK - - Montreal, Que.
GUY MOREAU - - Montreal, Que.
A. J. THOMAS - - Ottawa, Ont.
R. B. MAJOR, M.P., Montreal, Que.

BANKERS

Canadian Imperial Bank of Commerce
Ottawa, Ont.

TRANSFER AGENT AND REGISTRAR

Canada Permanent Trust Company
1901 Yonge St., Toronto, Ont., and
388 St. James St. West,
Montreal, Que.

GENERAL MANAGER

J. E. COPELAND

AUDITORS

JOHN CROSS & PARTNERS, Chartered Accountants
Ottawa, Ont.

GENERAL COUNSEL AND SOLICITOR

JOHN J. URIE, Q.C.

HEAD OFFICE

Room G7
370 Metcalfe St.
Ottawa 4, Ont.

Quebec Manitou Mines Limited

REPORT TO THE SHAREHOLDERS

Your Directors submit herewith the financial statement of your Company for the year ending Dec. 31, 1969, together with the Auditors' Report thereon.

During the year the Company carried on extensive exploration and prospecting work in three different locations; in Clericy Township, in Egan Township (the Maniwaki-Otter Lake area), and on our principal property in Bourlamaque Township. All work was under the supervision of our engineer, Mr. Alan C. Lee.

Approximately $15,000.00 was spent on the Clericy property, leading to an electronic survey, as a result of which some further staking was done last fall. Work here was suspended for the winter, but Mr. Lee is to evaluate the work done and determine whether we should extend our options on these claims.

On the Egan Township claims, a considerable amount of prospecting was done with geiger counters. As a result of encouraging surface indications, extensive stripping, trenching, line cutting, and an electromagnetic survey were followed by about five thousand feet of shallow drilling, at a total cost of more than $40,000.00. Traces of copper, zinc, nickel, and molybdenite were found, without any discovery of commercial ore. In the same general area we spent some $8,000.00 prospecting ten or twelve other locations where mineral indications existed, but found nothing worth following up.

On our Bourlamaque claims, about $15,000.00 was spent for more than 3,000 feet of diamond drilling, finishing a programme begun late in 1968. With the recent increases in both the world and domestic prices of copper, our known ore reserves on this property take on greatly enhanced values. We have made a detailed study of the possibility of working the deposits here from the surface with scoop-trams, and are sufficiently encouraged as a result, to feel that we will definitely proceed with mining this ore, contingent upon the possibility of arranging the necessary financing. On the northern section of this property, in an area which has not been thoroughly explored, we are at present working on an induced polarization survey of an area adjacent to ground on which mineral deposits have been discovered immediately to the north of our boundary.

These efforts are being energetically pursued, now that economic developments imply that working our known ore deposits may be commercially feasible.

On behalf of the Board,

J. I. CUMMINGS,
President.

Ottawa, Ontario,
March 9, 1970.

Quebec Manit

Comparative Balance Sheet a

ASSETS

		1969	1968
CURRENT:			
Cash in banks		$ 632.68	$ 9,140.97
Investments:			
Guaranteed Investment Certificates of Canada Permanent Trust Company, due June 30, 1970	$260,000.00		327,000.00
Accrued interest	10,237.50		
	270,237.50		
Manitou-Barvue Mines Ltd. 420,952 common shares, par value $1.00 at cost (Market value — December 31, 1969 $412,532.96)	199,925.20		200,657.45
Lyman Copper Corporation 1,666 shares, par value $1.00, book value	1.00		1.00
		470,163.70	
		470,796.38	536,799.42
FIXED ASSETS:			
Furniture and fixtures	909.82		909.82
Mining properties:			
Bourlamaque Township, Quebec	213,804.12		213,804.12
Langmuir Township, Ontario	24,464.33		24,464.33
Clericy Township, Quebec	4,000.00		4,000.00
Egan Township, Quebec	6,541.80		5,031.80
		249,720.07	
DEVELOPMENT AND EXPLORATION EXPENSES DEFERRED — per Statement 3		561,183.86	460,462.81
		$ 1,281,700.31	$ 1,245,472.30

Approved on behalf of the Board of Directors

J. I. CUMMINGS, Director.

J. E. COPELAND, Director.

AUDITO

To the Shareholders,
Quebec Manitou Mines, Limited,
Ottawa, Ontario.

We have examined the balance sheet of Quebec Manitou Mines, Li and surplus for the year ended on that date. Our examination included a records and other supporting evidence as we considered necessary in the

In our opinion the accompanying balance sheet and statements of de Company as at December 31, 1969 and the results of its operations for principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of sour the aforementioned financial statements, presents fairly the sources and a

OTTAWA, Ontario,
January 19, 1970.

Mines Limited

STATEMENT 1

December 31, 1969 and 1968

LIABILITIES AND SHAREHOLDERS' INTEREST

			1969	1968
CURRENT:				
Bank overdraft and call loans — Secured			$ 30,539.48	
Accrued expenses			6,786.65	5,789.89
Unclaimed dividends			640.69	640.69
			37,966.82	6,430.58
SHAREHOLDERS' INTEREST:				
CAPITAL STOCK:				
Authorized:				
5,000,000 shares, par value $1.00		$ 5,000,000.00		
Issued and Fully Paid Up:				
Issued for Cash:				
2,556,700 shares	$ 2,556,700.00			
Less: Discount	1,911,099.25	645,600.75		
Issued for Assets:				
1,396,300 shares	1,396,300.00			
Less: Discount	1,221,762.50	174,537.50		
Issued for Services:				
13,000 shares	13,000.00			
Less: Discount	10,300.00	2,700.00		
TOTAL SHARES ISSUED:				
3,966,000			822,838.25	822,838.25
EARNED SURPLUS:				
Balance — December 31, 1969 — per Statement 2			47,544.00	47,544.00
SURPLUS ARISING FROM CAPITAL GAINS:				
Balance — December 31, 1969 — per Statement 2			373,351.24	368,659.47
			$ 1,281,700.31	$ 1,245,472.30

This is the balance sheet referred to in our report to the Shareholders dated January 19, 1970.

JOHN CROSS & PARTNERS,
Chartered Accountants

REPORT

as at December 31, 1969 and the statements of development and exploration
l review of the accounting procedures and such tests of the accounting
stances.

nent and exploration and surplus present fairly the financial position of the
ar ended on that date, in accordance with generally accepted accounting

l application of funds which, in our opinion, when considered in relation to
ons of funds of the Company for the year ended December 31, 1969.

JOHN CROSS & PARTNERS,
Chartered Accountants.

Quebec Manitou Mines Limited

NOTES TO BALANCE SHEET
As at December 31, 1969

1. The twenty-four mining claims in Bourlamaque Township, Quebec are held under development licenses. This property, originally consisting of 61 claims, was acquired from Manitou Mines (Quebec) Limited at the total value of advances previously made to that Company. Later, 37 of the claims were sold to Golden Manitou Mines, Limited, now Manitou-Barvue Mines, Limited for 1,500,000 shares of that Company's capital stock, valued at two cents per share, 30,000.00. Development expense incurred on the claims disposed of, less this amount, have been written off against Capital Surplus.

2. These 55 claims were staked by McWatters Gold Mines, Limited under a joint-venture agreement. Pursuant to an agreement with that Company, our interest in the property has been fixed at 17½%, non-assessable.

3. Eight claims in Clericy Townhip are held under an option which expires May 31, 1970. If exercised, the option calls for a cash payment of $15,000.00, plus a 10% interest in a company to be formed to develop the property. Five claims are held under a second option on identical terms.

4. The Egan Township property consists of a total of seventy-six claims, of which sixty were staked by the Company and are now held under either prospecting or development licenses, eight under prospecting licenses were purchased, and eight are held under an option agreement expiring October 15, 1971, calling for cash payments totalling $7,000.00, plus a 1% interest in a company to be formed to develop the property.

Quebec Manitou Mines Limited

STATEMENT 2

COMPARATIVE STATEMENT OF SURPLUS
For the years ended December 31, 1969 and 1968

EARNED SURPLUS

	1969	1968
BALANCE — January 1	$ 45,544.00	$ 45,544.00
BALANCE — December 31	$ 45,544.00	$ 45,544.00

SURPLUS ARISING FROM CAPITAL GAINS

BALANCE — January 1	$368,659.47	$368,659.47
Capital gain on sale of securities	4,691.77	
BALANCE — December 31	$373,351.24	$368,659.47

STATEMENT 3

COMPARATIVE STATEMENT OF DEVELOPMENT AND EXPLORATION EXPENSE
For the years ended December 31, 1969 and 1968

	1969	1968
BALANCE — January 1	$460,462.81	$401,548.62
EXPLORATION AND DEVELOPMENT:		
Engineering and property reports	13,050.00	9,325.00
Diamond drilling	38,544.89	35,643.18
Licenses and fees	2,948,25	1,404.25
Assays	2,191.45	3,089.50
Line cutting	1,401.48	
Travelling and field costs	21,401.32	7,460.53
Survey	6,417.50	
Exploration		5,000.00
	85,954.89	61,922.46
ADMINISTRATIVE AND GENERAL:		
Rent, clerical services and supplies	5,181.48	3,789.01
Telephone and telegrams	1,363.27	517.75
Share certificates	—	10.77
Annual meeting expense	905.64	818.14
Government fees	10.00	10.00
Provincial taxes	115.46	165.00
Transfer Agents' fees and expenses	1,673.67	1,608.55
Legal and audit	2,802.31	4,132.00
Salaries	18,000.00	6,000.00
Travelling and Directors' expenses	4,154.58	3,346.83
Directors' fees	1,400.00	800.00
Miscellaneous	887.85	492.07
Business tax	292.62	225.44
Interest and exchange paid	1,676.23	271.60
	38,463.11	22,187.16
Less: Interest earned	23,696.95	25,195.43
	14,766.16	(3,008.27)
BALANCE — December 31	$561,183.86	$460,462.81

Quebec Manitou Mines Limited

STATEMENT 4

COMPARATIVE STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the years ended December 31, 1969 and 1968

	1969	1968
SOURCE OF FUNDS:		
Interest earned	$ 23,696.95	$ 25,195.43
Capital gain on sale of securities	4,691.77	
	28,388.72	25,195.43
DISPOSITION OF FUNDS:		
Exploration and development expense	85,954.89	61,922.46
Administrative and general expense	38,463.11	22,187.16
Property option payments	1,510.00	2,000.00
Staking costs deferred		5,031.80
	125,928.00	91,141.42
NET REDUCTION IN WORKING CAPITAL	97,539.28	65,945.99
WORKING CAPITAL AT BEGINNING OF YEAR	530,368.84	596,314.83
WORKING CAPITAL AT END OF YEAR	$432,829.56	$530,368.84

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